



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 10, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: 
William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

COUNTY GENERAL FUND CASH FLOW POSITION

This report is to provide your Board with an update of the current cash position of the County's General Fund.

As of June 30, 2009, the General Fund's ending cash balance was approximately \$1.1 billion. This ending cash balance is \$225 million greater than estimated in the Auditor-Controller's most recent cash flow memo of June 2009. A final year-end cash flow memo will be issued by the Auditor-Controller next week. The General Fund's beginning cash balance, combined with the \$1.3 billion in proceeds from the 2009-10 Tax and Revenue Anticipation Notes (TRANS), provide the General Fund with a stable cash position and the ability to withstand State payment deferrals and registered warrants for the first quarter of the new fiscal year.

Registered Warrants and Payment Deferrals

As of July 8, 2009, the County has received registered warrants from the State in the amount of \$56,312.18 and our banks will honor these warrants until July 10. The State will redeem these registered warrants in October, or sooner if cash is available, at an interest rate of 3.75 percent. As previously stated, the General Fund's available cash at the beginning of this fiscal year will be able to carry us through until the registered warrants are cashed in October. The Auditor-Controller and Treasurer and Tax Collector will continue to track, monitor and report the State issued registered warrants.

"To Enrich Lives Through Effective And Caring Service"

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Our office is working with the Auditor-Controller and affected Departments to determine the cash flow impact from the State's payment deferrals, IOUs, and program reductions enacted as part of the FY 2008-09 and FY 2009-10 State Budget Acts in February, and the additional FY 2009-10 budget proposals recommended by the Budget Conference Committee. We are also monitoring and assessing the impact of the issuance of IOUs by the State Controller. The information currently being obtained from the Departments are:

- Identify the specific programs impacted by the deferrals, IOUs, and program reductions
- Identify the mandate and the mandated services
- Identify the federal, State, and County funded portion of the services
- Identify the impact to the department and community
- Provide the estimated Cash Flow impact by month

We will continue to closely monitor the County's cash position due to the State's payment deferrals and registered warrants, and will report any major cash developments to the Board.

Impact on Mandated County Programs

On June 30, 2009, Supervisor Molina requested a report on mandated programs that would require the County of Los Angeles to pay the full cash grant to welfare recipients if the Department of Public Social Services does not receive both State and federal allotments from the State.

County Counsel has provided an opinion that absent contract provisions to the contrary, the County is not obligated to provide full mandated services in the event the State fails to make its payments as required by law. This report by County Counsel has been provided to the Board on June 8, 2009. We will analyze and assess the impact of eliminating or reducing these services and provide recommendations to your Board for consideration.

Conclusion

The final FY 2008-09 Closing figures and final FY 2009-10 Supplemental Budget recommendations will be presented to the Board in September, and it will include any State Budget actions which impact the County. In order to help the County's cash flow position, the hiring, services and supplies, and fixed asset freeze have been continued in the new fiscal year.

Each Supervisor
July 9, 2009
Page 3

Also, to provide the Board with updated cash flow information, beginning July 21, 2009 there will be a set item on the Board's weekly agenda.

Please contact Debbie Lizzari of my staff if you have any questions.

WTF:DL
DJT:JT:zu

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Auditor-Controller
 Treasurer and Tax Collector